

AGENDA
For the 677th Retirement Allowance Committee Meeting of
August 25, 2005

1. Meeting will be called to order at 9:30 A.M. at the LaSalle Bank, 135 South LaSalle in the Main Dining Room, 43rd floor.
2. Roll call
3. Consideration of the Minutes of the 676th meeting.
4. General Administration Subcommittee issues
 - a.) Announcements of deaths reported since last meeting
 - b.) Presentation of pre-retirement allowances for approval
 - c.) Presentation of new retirement applications for approval
 - d.) Request for retroactive disability benefits
 - e.) Return to work from disability benefits
 - f.) Return to work – no job available
 - g.) Retirement applications revoked
 - h.) Election of Deferred Vested Old-Age Retirement Allowance
 - i.) Presentation of death benefits for approval.
 - j.) Presentation of refunds of contributions for approval.
 - k.) Presentation of bills and remittances
 - l.) Requests to repay refund of contributions
5. Investment Subcommittee Issues
 - a.) Report on Alternative Assets
 - b.) Investment Policy Changes
6. Real Estate Subcommittee Issues
7. Old Business
 - a.) Dependent health care premiums and coverage
8. New business
 - a.) Medicare Part D
9. Executive Session
10. Adjournment

The 676th Meeting of the Retirement Allowance Committee of the Retirement Plan for Chicago Transit Authority Employees

Meeting Minutes

A regular meeting of the Retirement Allowance Committee was held on July 28, 2005 at LaSalle Bank. The Chairman and the Executive Director were present.

A roll call was taken indicating that the following members were present:

Dennis Anosike
Marcellus Barnes
John Burkard
Ethel Carter
Dorval Carter
Carl Lingenfelter
Leon London
Rodney Richmond
Lynn Sapyta
Richard Winston

On a motion by Mr. Winston, the Committee approved the minutes of the 675th meeting of the Retirement Allowance Committee.

General Administration Subcommittee Items

Mr. Barnes presented for approval items 4a through 4k., including the pre-retirement surviving spouse allowances, the regular retirements, revoking of applications, disability allowances, death benefits, refunds of contributions and payment of bills and remittances. Mr. Barnes stated that the total of bills and remittances for the month was \$7,108,541.59.

Mr. Kallianis then updated the Committee on the status of the first year of the Disability Management Program. Mr. Kallianis presented four charts to the RAC including the estimated one-year costs and savings, the last five years of people returning to work, the last five years of disability applications and the overall status of all disability recipients since August of 2004.

Mr. Kallianis indicated that since the program began in August of 2004, there had been 52 people found fit to return to work at their same job. He also indicated that the 52 people found fit to return were more than all of the prior four-year periods combined. The approximate one-year cost of the program to date was \$310,000, significantly less than the \$500,000 first-year cost originally estimated. The associated annual savings,

assuming all 52 people were to return to work, would be approximately \$1.1 million. The applications for the one-year period were the lowest in the last five one-year periods.

Mr. Richmond had questions regarding people returning to work with restrictions. Ms. Sapyta had questions about the nature of some of the disabilities, specifically the ones with 3 to 6 month follow-up dates. Mr. Barnes and Ms. Carter wanted to obtain additional information as to the cost of the program and Mr. Barnes asked that the Committee receive an update at each of the RAC meetings in the future.

Investment Subcommittee Items

Mr. Lingenfelter reported to the Committee that, as a result of the Committee's direction for him to work with Gray and Company to implement the increased allocation to alternative investments, Gray has identified the managers and they are moving forward with final due diligence. Mr. Lingenfelter asked for leave from the Committee to file a more detailed report for the record.

Real Estate Subcommittee Items

Mr. Winston indicated that there was no business to discuss.

Old Business Issues

Mr. Richmond brought up discussion on an item that was in the General Administration Issues as item 4k. on the agenda. Mr. Richmond indicated that he thought it was a hardship to expect people to repay refunds of contributions within a thirteen-month period after reinstatement. He also indicated that he thought the Committee should allow people who had not previously been given the chance.

After some discussion, Mr. Richmond made the motion to amend Rule 21 to allow repayment over a 36-month period, instead of the existing 13-month period and to include interest on the repayment. The motion was passed by the Committee.

There was then discussion about how to apply this retroactively. After some discussion on administration and eligibility, Mr. Kallianis suggested that he and Mr. Virgil work with the Chair and Vice Chair of the General Administration Subcommittee to come up with a rule regarding retroactivity that would be acceptable to the Committee.

There was then discussion about Dependent Health Care Coverage. Mr. Richmond made a motion to increase the premiums for dependent coverage by up to \$200. The motion was seconded by Mr. Burkard. A roll call vote went as follows: Anosike-no, Burkard-yes, Mr. Carter - no, Ms. Carter - abstain, Lingenfelter-no, London-yes, Richmond-yes, Sapyta-no, Winston-no, Barnes-yes. The motion did not pass.

After additional discussion on the funded status of the Fund and the fiduciary obligations of the members of the RAC, Mr. Carter made a motion to have dependents pay the actual cost of their healthcare coverage now and going forward as determined by the actuary from year to year. The motion was seconded by Ms. Sapyta. A roll call vote went as follows – Anosike-yes, Barnes-no, Burkard-no, Ms. Carter-no, Mr. Carter-yes, Lingenfelter-yes, London-no, Richmond-no, Sapyta-yes, Winston-yes. The motion did not pass.

Mr. Lingenfelter then made a motion, pursuant to Section 12.5 of the Retirement Plan, that the disability allowances for participants who are found fit for duty without restrictions be terminated by October 1, 2005 following reasonable notice to affected participants. After discussion on the issue, there was a roll call vote as follows – Anosike-yes, Barnes-no, Burkard-no, Ms. Carter-no, Mr. Carter-yes, Lingenfelter-yes, London-no, Richmond-no, Sapyta-yes, Winston-yes. The motion did not pass.

New Business

Mr. Ken Yu from Hill Taylor Associates, the Plan's Auditor, gave a report on the Audit for 2004. He indicated that the Fund had total assets of close to \$1.3 Billion at the end of 2004, which is down about \$92million from the end of 2003. The total income for the year was approximately \$173million or \$121 million lower than the year before, primarily due to investment performance.

Mr. Carter asked that the report be posted on the Plan's Web Site at www.ctapension.com.

Executive Session

On a motion by Mr. London, the Committee adjourned to Executive Session to discuss specific personnel issues and litigation. The roll call to go Executive Session was as follows- Anosike-yes, Barnes-yes, Burkard-yes, Ms. Carter-yes, Mr. Carter-yes, Lingenfelter-yes, London-yes, Richmond-yes, Sapyta-yes, Winston-yes.

There was no action taken in Executive Session.

Upon returning from Executive Session, on a motion by Mr. Richmond, seconded by Ms. Carter, the Committee adjourned.